

## United Kingdom: Government announces emergency fiscal and other measures to support businesses affected by coronavirus

**18 March 2020**

Less than a week after his first Budget, the Chancellor has announced extended emergency measures to help all UK businesses affected by the economic impact of the coronavirus. This includes targeted measures aimed at easing the burden on the retail, hospitality and leisure sectors, which have been hit particularly hard since the announcement of recommended social distancing measures.

The overriding message of the Chancellor's speech was that every business should have access to the government-backed liquidity it needs to survive the crisis and continue trading. Measures were also announced to help individuals which are not the subject of this bulletin.

### Business Rates

Combining the measures already announced in the Budget of 11 March and the further measures introduced on 17 March, the position is now:

- **ALL** businesses operating in the retail, hospitality and leisure industries will now be exempt from business rates in the period 1 April 2020 to 31 March 2021.
- Businesses in the retail, hospitality and leisure industries operating from smaller premises will receive a Government cash grant of £25,000. This will apply where the premises from which the business operates have a rateable value of between £15,000 and £51,000.
- It appears that the above two reliefs will need to be claimed from the Local Authority. The Government will be publishing guidance for Local Authorities by 20 March, at which point the claims process should become clearer.
- **ALL** businesses currently eligible for Small Business Rate Relief (SBRR) will receive a Government cash grant of £10,000. These businesses will be contacted directly by their Local Authority and do not need to apply.

### Insurance Issues

The Government has given assurances that, after talks with major insurers, claims will be considered where made by businesses which have been affected by Government-recommended social distancing measures

(i.e. the advice not to frequent pubs, restaurants, theatres etc.), subject to the specific terms of the insurance policy. Those businesses which should be able to claim are those that have closed on the advice of the Government (despite no strict legal requirement to do so) and have policies which cover either pandemics or Government-ordered closure. It is thought that most business insurance policies will NOT cover such events but each policy will need to be examined carefully.

## **Corona Business Interruption Loan Scheme (CBILS)**

A temporary government-backed loan scheme will launch next week to enable small and medium-sized entities to access the liquidity required to see them through the crisis. SMEs will be able to apply to their bank for loan or overdraft facilities:

- 80% of each loan will be underwritten or guaranteed by the Government
- Loans of up to £5M in value per business
- The Government will meet the costs of the interest for the first six months

We will communicate further details of this scheme as they become available.

## **Sick Pay to Employees**

The Government will bring forward legislation to enable SME businesses to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:

- The refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- Employers with fewer than 250 employees will be eligible - the size of an employer will be determined by the number of people employed as of 28 February 2020
- Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- Employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note
- The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to those staying at home come into force
- The Government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

## **UK Tax Liabilities: Time to Pay**

HMRC has set up a special helpline for those businesses facing difficulties with their tax liabilities in the face of coronavirus. This will apply across UK business taxes including corporation tax, PAYE and National Insurance and VAT.

Subject to the specific circumstances of each business, HMRC may be able to:

- agree an instalment arrangement
- suspend debt collection proceedings
- cancel penalties and interest where the business has administrative difficulties contacting or paying HMRC immediately

The helpline number is 0800 0159 559 but if you have a UK tax agent you are advised to have them contact HMRC on your behalf and VerFides will be pleased to assist its clients with this.

## **Further Developments and Assistance**

Clearly this is a fast-moving situation and further announcements may be made at any time. The Chancellor has made it clear that these measures may be supplemented at short notice dependent on developments.

VerFides will endeavour to keep all clients updated as soon as further information becomes available or additional measures are announced. In the meantime, please speak to your usual VerFides contact for further assistance, or email or call the Tax Team: [tax\\_team@verfides.com](mailto:tax_team@verfides.com); call +44 20 7930 7111.

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